

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF NEW YORK**

METAFI PRO LIMITED,	§	
	§	
	§	CIVIL ACTION NO. <u>1:24-cv-1180 (DNH/CFH)</u>
v.	§	
	§	
NY TRADING, INC.; STARCO	§	
LOGISTICS, INC.; WENZONG DUAN	§	
d/b/a WLT TRADING, LLC; and COLONY	§	
POND MANAGEMENT, LLC,	§	
	§	
<i>Defendants.</i>	§	
	§	

DECLARATION OF YI SUN

I, Yi Sun, hereby declare the following to be true and correct to the best of my knowledge under penalty of perjury:

1. “My legal name is Yi Sun. I am also known as Jessica Sun.
2. I am over the age of majority, and I have personal knowledge of the matters declared herein, which are true and correct to the best of my knowledge.
3. I am currently employed by Good Hope USA Consulting Services Inc. (hereinafter, “Good Hope”) as a Financial and Investment Analyst. Good Hope is a subsidiary of the CreditEase Group, as well as, of Metafi Pro Limited (hereinafter, “Metafi”). I acted in such capacity at all times referenced in this Declaration.
4. In my role with Good Hope, I was specifically instructed to assist Metafi with managing all aspects of the purchasing, shipping, delivery, and hosting services relating to the WhatsMiner Server-M50s (“Miners”) at issue in the above-captioned matter. My duties included overseeing the entire process from procurement to ensuring that the Miners were properly delivered and installed at their designated hosting site(s). Due to my direct involvement in these matters, I possess the most detailed and comprehensive knowledge of all relevant facts concerning these transactions and services and am in the best position to provide testimony on behalf of Metafi regarding the same.
5. On or about June 30, 2023, Metafi and NYT entered into a Sales and Purchase Agreement (“Purchase Agreement”) for the purchase of 4,500 WhatsMiner Server-

M50 with the hashrate of 120T and delivery of total hash rate of no less than 540,000 TH (“Miners”). Under the Purchase Agreement, Metafi was to pay NYT a total of \$8,370,000.00 (“Purchase Price”) for the Miners. NYT was required to deliver the Miners to Metafi’s designated hosting sites within 10 working days. If NYT failed to do so, Metafi was entitled to terminate the agreement, and NYT was obligated to return the amounts paid by Metafi for undelivered Miners.

6. On or about July 7, 2023, Metafi and NYT entered into a Logistics Service Agreement (“Shipping Agreement”), under which NYT was to ship the Miners it had sold to Metafi from Hong Kong, China, and Thailand to the United States and other regions. The agreement became effective as of June 29, 2023.
7. Under the Purchase Agreement and the Shipping Agreement, NYT was obligated to transport, deliver, and safeguard the Miners by (a) ensuring that all goods are delivered on time and in good condition to the carrier designated by Metafi; (b) bearing the risk of loss of the goods due to any circumstances before delivery to the carrier; (c) being responsible for all the loss of Miners caused by the transportation of the Miners or any third party, or theft of the Miners during transportation from NYT to Metafi; (d) ensuring that the Miners would be insured for no less than 110% of the value of all Miners; if Miners are damaged or lost during transportation, being liable for compensation and assisting Metafi in seeking compensation from the insurance company; and (e) if Miners delivered by NYT are inconsistent with the quantity of the goods previously received, compensating Metafi for the loss.
8. Based on representations of NYT personnel made after-the fact, NYT apparently contracted with WLT Trading, LLC (“hereinafter, “WLT”) for international logistics and customs clearance services relating to the Miners. It is my understanding that WLT was dissolved before NYT claims it contracted with WLT in connection with Metafi’s Miners. Wenzong Duan is believed to be WLT’s sole Managing Member. Neither WLT’s involvement nor the fact of its dissolution were disclosed by NYT to Metafi at the time the Purchase Agreement and the Shipping Agreement were entered between NYT and Metafi.
9. Based on representations of NYT personnel made after-the fact, WLT, in turn, contracted with Starco Logistics, Inc. (“Starco”) to transport and/or store the Miners within the U.S. pending instructions from NYT on further shipments to Metafi’s designated hosting sites. Starco’s involvement was not disclosed by NYT to Metafi at the time the Purchase Agreement and the Shipping Agreement were entered between NYT and Metafi.
10. For utilization of the hashrate¹ of the Miners, on November 9, 2023, Metafi entered into a Hosting Services Agreement with Colony Pond (“Hosting Agreement”). Metafi paid to Colony Pond a security deposit in the amount of \$652,000.00 under the Hosting Agreement. In turn, Colony Pond was required to provide co-location

¹ “Hashrate” refers to the total combined computational power that is being used to mine and process transactions on a Proof-of-Work blockchain, such as BitCoin.

and hosting services for 1900 Miners by providing 6.5 MW of electricity and relevant maintenance services at Colony Pond's facility. Although Colony Pond could move and re-install the Miners to a different but equally comparable location on its site to facilitate continuous Miner operation, it could not do so without Metafi's written permission. Colony Pond was obligated to safekeep the Miners by providing commercially reasonable "all-risk" property liability insurance for its premises and its activities at the premises and not moving the Miners from their agreed upon location without the written approval of Metafi.

11. Metafi fulfilled its obligation under the Purchase Agreement by paying to NYT a total of \$8,370,000.00 for the Miners. However, NYT delivered to the U.S. only 4,365 of 4,500 Miners. The resulting shortfall of 27,352 TH at \$15.50 per TH amounts to USD \$423,956.00 in losses to Metafi.
12. Although NYT claims it shipped 1,902 of the 4,365 Miners to Colony Pond, Colony Pond has denied receipt of 1,286 such Miners. As a result, Metafi has been damaged in the amount of USD \$2,512,983.00 (\$2,391,960 Equipment value, plus cost of shipping and customs). In addition, Metafi has lost mining revenue associated with the missing Miners. Metafi conservatively estimates that from December 1, 2023, to August 31, 2024, the potential profit for operating 1286 Miners would be 55.19 bitcoins. After factoring in costs, the associated profit loss is estimated at over USD \$2,759,500.00, and continues to accrue.
13. Metafi fulfilled its obligation under the Hosting Agreement by paying to Colony Pond a security deposit in the amount of USD \$625,000.00.
14. In late 2023, according to NYT, 1902 Miners were loaded from a warehouse in Pico Rivera, California, onto two trucks for delivery to Colony Pond's hosting site in New York. One such truck was loaded with 934 Miners ("Truck 1"), and the other with the remaining Miners ("Truck 2"). Colony Pond acknowledged arrival of only Truck 1 at its hosting site, but claimed only 616 of the 934 Miners NYT says it loaded onto Truck 1 were delivered. Metafi requested an inspection of the Miners in Colony Pond's possession, or other form of verification of Colony Pond's claims, but Colony Pond failed to cooperate.
15. Ultimately, Colony Pond reported it was unable to host any of the Miners in its possession due to a power outage. Per the Hosting Agreement, Colony Pond was required to provide "all-risk" insurance for the activities at its premises, including damages resulting from power loss. The 934 Miners at issue are valued at USD \$1,737,240.00. I believe Colony Pond is using these Miners for its own benefit. From December 1, 2023, to August 31, 2024, 934 Miners would have conservatively produced 39.17 bitcoins, resulting in an estimated USD \$1,958,000.00 in lost profits for Metafi.
16. On December 19, 2023, Metafi advised Colony Pond that it wished to terminate the agreement due to Colony Pond's failure to abide by the terms of the Hosting

Agreement, and the daily revenue lost by Metafi as a result. In an effort to mitigate its damages, Metafi also requested that its Miners be packed up and made ready for pick-up. After some delay, Colony Pond advised that the Miners had been moved (without prior notice to Metafi as required under the Hosting Agreement) and were not available for pick-up.

17. To date, Colony Pond remains in possession of between 616 to 934 Miners; has failed to provide hosting services for same; has failed to refund to Metafi its security deposit despite termination of the Hosting Agreement; and has otherwise failed to make Metafi whole.
18. On April 25, 2024, Metafi caused to be made a formal demand upon all Defendants. Absent any good faith resolution of this dispute, Metafi had no choice but to retain an attorney to prosecute its rights under the agreements at issue and the law.
19. Metafi submits that because the Defendants have been secreting property that rightfully belongs to Metafi, extraordinary remedies to preserve Metafi's property by enjoining, preserving and protecting against the assignment, transfer, sale, purchase, and/or any other form of disposition of any rights, title, or interest in said assets is necessary. Absent the same, there will be imminent irreparable harm to Metafi who does not have an adequate remedy at law to protect its interests until a judgment in this matter can be rendered.”

Executed on this 10 day of September, 2024.



Yi Sun